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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000863

SIPDIS

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SUBJECT: DEPUTY SECRETARY STEINBERG'S SEPTEMBER 28, 2009
MEETING WITH MALAYSIAN DEPUTY FOREIGN MINISTER PILLAY

Classified By: Ambassador James R. Keith for reasons 1.4 (b, d).

11. (SBU) September 28, 2009; 10:00 a.m.; The Ministry of Foreign Affairs; Putrajaya.

12. (SBU) Participants:

U.S.

The Deputy Secretary
Ambassador Keith
Ambassador Joseph DeTrani, Directorate of National Intelligence
Joseph Donovan, Principal Deputy Assistant Secretary of State
Scot Marciel, Deputy Assistant Secretary of State, EAP
Derek Mitchell, Principal Deputy Assistant Secretary of Defense
Rear Admiral Joseph Leidig, Joint Chiefs of Staff
Pamela Park, Special Assistant to the Deputy Secretary
Jeremy Nathan, Political Officer, U.S. Embassy Kuala Lumpur (notetaker)

Malaysia

Deputy Minister of Foreign Affairs A. Kohilan Pillay
Deborah Tan, North America desk officer (notetaker)

13. (C) SUMMARY: In his call on Deputy Foreign Minister Pillay, Deputy Secretary Steinberg highlighted the value the United States places on its relations with Malaysia and Malaysia's role as a key member of ASEAN. The Deputy urged passage of an export control law and encouraged Malaysia to take a leadership approach in its capacity as IAEA Board of Governors chair in support of IAEA principles. Noting Iranian commercial and financial activity in Malaysia, he expressed hope that Malaysia would cooperate with the USG to prevent transactions of political concern. He praised Malaysia for its public stance on North Korea's nuclear weapons programs and support for the six-party talks, urging an active Malaysian role in support of the international community's objectives. Pillay briefly raised trafficking in persons issues and the US-Malaysia Free Trade Agreement (FTA) negotiations. (Note: DFM Pillay, a political appointee with little foreign policy experience, was standing in for Foreign Minister Anifah and Secretary General Rastam, both of whom were in New York for the UNGA session at the time of the Deputy's visit. End note). END SUMMARY.

Nonproliferation

14. (C) Deputy Secretary Steinberg opened the September 28 meeting with Deputy Foreign Minister Pillay by emphasizing the importance of international efforts in the nonproliferation arena. He noted that a Malaysian recently took over as Chairman of the Board of Governors of the IAEA,

and that the USG saw a need for Malaysia to take a leadership approach. The Deputy Secretary also expressed hope that the NPT review conference in May 2010 would serve to strengthen the international community's support of the NPT and the IAEA. He praised Malaysia for its prior comments regarding the need for North Korea to relinquish its nuclear weapons programs and for its support of the six-party talks. He urged Malaysia to take an active role in support of the international community's objectives. Regarding Iran, the Deputy Secretary noted that "this is a critical time" in deciding how to deal with Iran's nuclear ambitions, and that the October 1 U.S-Iran meeting would provide Iran with an opportunity to engage directly with the US and the other members of the P5 1. The key was how Iran chose to respond. The Deputy Secretary also emphasized how an Iranian bank subsidiary operating in Malaysia was harmful to the international effort to restrain Iran's proliferation activities and expressed hope that Malaysia would cooperate with the USG to prevent Iran from developing nuclear weapons and ballistic missiles, which would be destabilizing. DFM Pillay listened to these points but did not respond substantively.

ASEAN, Burma

15. (SBU) The Deputy Secretary noted that the U.S. saw great value in a strong ASEAN. Deputy Assistant Secretary Marciel commented that although significant challenges lay ahead for ASEAN to become effective in confronting challenges such as Burma, they were achievable if Malaysia and other leading countries continued to play a proactive role. The Deputy

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Secretary highlighted that although the U.S. recently modified its approach to Burma and was now willing to openly engage Burma's junta leaders and move forward, U.S. objectives in Burma remained essentially unchanged, focusing on supporting human rights and democratic elections. Steinberg suggested that a joint message from the U.S. and ASEAN stressing the need for political freedom and transparent 2010 elections in Burma involving the NLD would be very helpful.

An Export Control Law and a Free Trade Agreement

16. (SBU) The Deputy Secretary stressed the importance of a Malaysian export control law to deal with current and potential problems related to nonproliferation. DFM Pillay acknowledged the need for such a law, but did not provide a timeline for action on this legislation. Touching briefly on trade, DFM Pillay stated that Malaysia remained interested in a Free Trade Agreement, but still had issues to work out.

Trafficking in Persons

17. (SBU) Deputy Minister Pillay raised the topic of Trafficking in Persons (TIP), stating that Malaysia's biggest problems with TIP victims involved people who overstay their visas. The Deputy Secretary commented that the people who overstay were often in that position because they were being exploited by their employers, who often confiscate their passports. Ambassador Keith stressed that Malaysia's TIP policy needs to provide assistance to victims, and not just focus on the smugglers. The Deputy Secretary also emphasized the importance of prosecutions, as they send a signal that trafficking in persons would not be tolerated.

18. (SBU) Deputy Secretary Steinberg cleared this message.
KEITH